

**Meeting Notes
Long Term Care
Finance Workgroup
August 6, 2007**

Attendance: Attached

Meeting was convened by co-chairs Chris Chesny and Jon Reardon. Introductions around the table proceeded.

Following introductions Chesny and Reardon reviewed the Charge to Workgroup document. Once the initial guiding principals were presented the group proceeded with reviewing the Task Force Recommendation #9 and the Strategies and Action Steps.

Attached is an updated table of the information obtained and action items.

In general the topic areas needing further information are:

- Medicare and Medicaid Federal match
- Estate recovery vs. preservation
- Long Term Care Insurance
- Reimbursement Models
- Data Collection
- Caregivers role encompassed in the system
- Nursing Homes
- Ombudsman's/External Advocacy role.

A follow up to the Action List will be distributed to the members prior to the next meeting.

The next meeting will be scheduled by Reardon and Chesny some time in early October.

Respectfully submitted.
Chris Chesny

LTC FINANCE COMMITTEE November 2006

Recommendation 9: Adapt financing structures that maximize resources, promote consumer incentives, and decrease fraud.

Adopt Financing Structure that maximizes resources, promotes consumer incentives and decreases fraud.	Information to Date	Action Required
<p><u>Action 1:</u> Michigan should decouple its estate tax from the federal estate tax to make more revenue available.</p> <p><u>Action 2:</u> Michigan should identify sources of non-federal tax revenue that are utilized to provide LTC and support services for Medicaid consumers, and create policies and procedures that will allow these funds to be used as local match to capture additional federal Medicaid dollars for long-term care and supports.</p> <p><u>Action 3:</u> The Michigan Congressional Delegation should:</p> <p>a) Advocate for the removal of the congressional barrier imposed on the development of Partnership program by states between Medicaid and long-term care insurance.</p> <p>b) Strongly advocate that the federal government assume full responsibility for the health care needs of individuals who are dually eligible for Medicare and Medicaid.</p> <p>c) Urge Congress to revise the current Federal Medical Assistance Percentage (FMAP) formula to a more just methodology using Total Taxable Resources or a similarly broader measure and to shorten the time frame from the data reporting period to the year of application.</p>	<p>Michigan does not have an estate tax. It would need a tax in order to obtain a Federal match.</p> <p>Ongoing activity but appears to be reactionary based on latest opportunity with Federal Government. When recommended this item suggested being able to use county dollars such as those obtained through senior and nursing home millages for a Federal match.</p> <p>a). DRA 2005 provides for this item.</p> <p>b). Interest but no activity other than advocacy. PACE programs have expanded in Michigan and the provision to do more is possible.</p> <p>c). FMAP issue has to do with data submission and rate adjustments. Presently takes 2 years to recognize a change in Medicaid enrollment.</p>	<p>Legislative</p> <p>Identify Michigan Delegation members with the ability to legislate regarding FMAP;</p> <p><u>U. S. Senate Finance</u> Senator Stabenow</p>

Adopt Financing Structure that maximizes resources, promotes consumer incentives and decreases fraud.	Information to Date	Action Required
<p>Continued</p> <p>c) Urge Congress to revise the current Federal Medical Assistance Percentage (FMAP) formula to a more just methodology using Total Taxable Resources or a similarly broader measure and to shorten the time frame from the data reporting period to the year of application.</p> <p><u>Action 4:</u> Subject to appropriate reviews for actuarial soundness, overall state budget neutrality, and federal approvals, Michigan should establish a mandatory estate preservation program instead of establishing a traditional Medicaid Estate Recovery Program.</p>	<p>Continued</p> <p>c). FMAP issue has to do with data submission and rate adjustments. Presently takes 2 years to recognize a change in Medicaid enrollment.</p> <p>Estate preservation vs. recovery is the issue. Michigan is now the only state out of compliance with Federal requirement for estate recovery.</p> <p>Michigan legislature has introduced bills that could have impact. Switalski and Cherry have authored bills.</p> <p>Question about estate recovery and its role for MI Choice Waiver clients in addition to waiver. Would require another waiver and policy revision.</p>	<p><u>U.S. House Ways and Means</u> Congressman Levin Congressman Stupak Congressman Camp</p> <p><u>U.S. House Energy and Commerce</u> Congressman Dingell Congressman Rogers Congressman Upton</p> <p>Obtain bill copies and distribute to the workgroup.</p>

Adopt Financing Structure that maximizes resources, promotes consumer incentives and decreases fraud.	Information to Date	Action Required
<p><u>Action 5:</u> Legislation that promotes the purchase and retention of long-term care insurance policies and that addresses ratemaking requirements, insurance standards, consumer protections, and incentives for individuals and employers should be drafted, reviewed, introduced, and enacted after review by a representative group of consumers, advocates, and providers.</p> <p><u>Action 6:</u> Three specific strategies aimed at increasing the number of people in Michigan who have long-term care insurance should be implemented:</p> <ul style="list-style-type: none"> a) gain federal approval for the use of the Long-Term Care Insurance Partnership Programs b) expand the state employees' self-funded, long-term care insurance program c) examine the possibility of a state income tax credit for purchase and retention of long-term care insurance. <p><u>Action 7:</u> Tax credits and tax deductions for the purchase of long-term care insurance policies and for "out of pocket costs" for LTC should be considered.</p> <p><u>Action 8:</u> A "special tax exemption" for taxpayers who provide primary care for an eligible parent or grandparent (and possibly others) should be explored. Based upon a \$1,800 exemption proposed in legislation introduced in 2005, the Senate Fiscal Agency estimates cost to the state in reduced revenue at less than \$1 million.</p> <p><u>Action 9:</u> Michigan should encourage and strengthen local and regional programs that support caregivers in their care giving efforts.</p> <p><u>Action 10:</u> An ongoing and centralized data collection process by DHS of trusts and annuities information should continue to be used to guide the need for state regulation.</p> <p><u>Action 11:</u> There should be ongoing review and strengthening, along with strict and consistent enforcement of laws and regulations governing the inappropriate use of trusts and annuities for Medicaid eligibility.</p>	<p><u>Action items 5 – 8 all tie together.</u></p> <p>OLTCSS has a grant to support the drafting of legislation for a partnership program.</p> <p>Not sure how we tie people with policies covering LTC to Medicaid eligibility when they buy a policy in good faith with the intent to save Medicaid funds. Yet, they may still need Medicaid support. Is there a means by which the dollars can be shared to extend both the policy and limited Medicaid funds without opening the whole Medicaid program to more long term care recipients?</p> <p>Philosophy for both family and paid caregivers? Should be for both.</p> <p><u>Actions 10 & 11 tie together</u></p> <p>Not sure but this may be covered in the System Transformation Grant.</p> <p>DRA 2005 covered some of this.</p>	<p>Obtain list of participants on the Partnership Stakeholders group. Engage in reviewing the Stakeholders list and make recommendation through the Commission to the Office related to the membership.</p> <p>How many people in Michigan have LTC insurance?</p> <p>System Transformation Grant document distributed to workgroup.</p> <p>Obtain information.</p>

Adopt Financing Structure that maximizes resources, promotes consumer incentives and decreases fraud.	Information to Date	Action Required
<p><u>Action 12:</u> There must be more frequent, vigorous, and publicized prosecution of those who financially exploit vulnerable individuals.</p> <p><u>Action 13:</u> State agencies should cooperate in discovering and combating Medicaid fraud, and recovering funds paid for inadequate care.</p> <p><u>Action 14:</u> New legislation for the regulation by the state of “trust mills” and annuity companies should be enacted. This legislation should address the prevention of abusive sales tactics through the implementation of insurance industry regulation, registration of out-of-state companies, and prescreening of sales materials.</p> <p><u>Action 15:</u> Appropriate state agencies should analyze and quantify the relationship between public and private resources, including both time and money, spent on LTC. This analysis should be used as a way to obtain a match for federal Medicaid dollars.</p> <p><u>Action 16:</u> The state should study and pursue aggressive Medicare recovery efforts.</p> <p><u>Action 17:</u> Medicaid eligibility policies should be amended to:</p> <p>a) Permit use of patient pay amounts for past medical bills, including past nursing facility bills.</p> <p>b) Require full certification of all Medicaid nursing facilities.</p> <p>c) Require dual certification of all nursing facilities.</p> <p>would go to the external advocacy organization outlined in Section 8 of the Model Act.</p>	<p>Trust mill needs investigation further in order to determine correct solution.</p> <p>Need to match private funds used as a total taxable resource for match.</p> <p>Michigan currently contracts with Health Management Systems Recovery. Recovers funds on a claim by claim basis and are paid a % of the recovery. Concept to be expanded.</p> <p>Current bills:</p> <p>a). This process has not been followed according to CMS direction. Federal law is also not followed in Michigan. The retrospective is eliminated.</p> <p>b) and c) translate to all NH beds being available for Medicaid recipients. Current practice reserves beds based on payer. There are limited number of MI NH’s with Medicaid only. All NH’s are dually certified.</p>	<p>Obtain bills introduced by Representative Meadows regarding deceptive practices.</p> <p>Obtain information on trusts and annuities current practices etc.</p> <p>Find model states Connecticut and New York?</p> <p>Nursing Home certification status for Michigan needs to be collected and reported to the workgroup.</p> <p>Who has spend down and how to qualify for LTC services?</p>

<p>Action 18: The task force recommends full funding for an external advocacy agency on behalf of consumers accessing the array of supports and services overseen by the SPE system. Based on a conservative figure, the total budget line for this item would be \$4.3 million. Of the increase, \$2 million would be to bring the State Long-Term Care Ombudsman program into compliance with national recommendations; \$2.3 million</p> <p>As an initial step, Michigan should adopt a Case-Mix reimbursement system to fund LTC services and supports. This approach sets provider rates according to the acuity mix of the consumers served. The higher the acuity, the higher the rate paid to the provider due to the resources needed to care for the consumers. As the long-term care system evolves, other appropriate funding mechanisms should also be considered and adopted.</p>	<p>The Ombudsman's office is not in compliance with recommended staffing ratios. Recommended level is 1:2000 population. Presently at 1:7000 in aggregate. Best region in the state is at 1:6000.</p> <p>No funding for external advocacy in the SPE Act.</p> <p>Legislation has been drafted in the Appropriations committee.</p> <p>OLTCSS is submitting a 1915 bc Waiver. It is to conduct a feasibility analysis of managed care which does exclude the incorporation of a case mix reimbursement piece.</p> <p>OLTCSS is obtaining guidance on how to proceed with case mix.</p> <p>PACE expanded to 3 programs.</p>	<p>Obtain breakdown of Ombudsman funding.</p> <p>Obtain information to understand the 1915 waiver process.</p> <p>Share information on case mix models.</p> <p>Obtain information Community Options Grant.</p>
<p>Benchmark 1: Increased state and federal support will be available to implement Person Centered Plans and consumer choice options.</p> <p>Benchmark 2: A reduction of inappropriate asset and income sheltering will be achieved.</p> <p>Benchmark 3: Improved federal-state funding partnership will be achieved.</p> <p>Benchmark 4: An increase in the number of Michigan citizens with LTC insurance will be achieved</p> <p>Benchmark 5: An adequate allocation of finances and resources across the array of supports and services will reflect informed consumer choices in the delivery of LTC services and supports.</p>		
<p>.</p>		

	Michigan does not have an estate tax. It would need a tax in order to obtain a Federal match.	Legislative